



ORIGINAL

OPEN MEETING AGENDA ITEM

SOUTHWEST ENERGY EFFICIENCY

Saving Money and Protecting the Environment Through More Efficient Energy Use



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Arizona Corporation Commission

DOCKETED

March 11, 2022

Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

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Dear Chairwoman Márquez Peterson and Members of the Arizona Corporation Commission,

Re: Supplemental Comments of SWEEP on Its Opposition to Salt River Project's Coolidge Expansion Project, Docket No. L-00000B-21-0393-00197

The Southwest Energy Efficiency Project ("SWEEP") appreciates this opportunity to provide supplemental comments in opposition to Salt River Project's Coolidge Expansion Project ("CEP").

SWEEP respectfully disagrees with the final recommendation of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") to approve the Certificate of Environmental Compatibility ("CEC") for the CEP. Specifically, we believe the Committee failed to properly consider the estimated cost of the facility and site, as well as the CEP's significant potential to increase the electricity costs for SRP customers, as required by Arizona law.¹

In particular, we believe the Committee's recommendation failed to consider two important factors.

I. SRP DID NOT CONDUCT A COMPETITIVE, ALL-SOURCE RFP TO IDENTIFY THE LEAST COST OPTION TO MEET ITS RESOURCE NEEDS.

MEANWHILE, NEW EVIDENCE DEMONSTRATES THAT SRP IS FULLY CAPABLE OF RUNNING AN EXPEDITIOUS, COMPREHENSIVE BIDDING PROCESS THAT RESULTS IN DOZENS OF COMPETITIVE RESOURCE OPTIONS.

To ensure the selection of the most economically competitive option to meet system needs, it is best practice for a utility to issue a competitive all-source request for proposal (RFP) overseen by an independent monitor, especially in an environment where technologies and costs are rapidly changing (as they are now). Unfortunately, SRP's CEP proposal, and related CEC application, were not the result of a competitive bidding process.

Meanwhile, evidence has come to light that demonstrates that SRP is fully capable of running an expeditious, comprehensive bidding process that results in dozens of competitive resource options. In fact, last fall — after SRP announced the CEP — it issued a competitive, all-source RFP.

¹ ARS § 40-360.06, <https://www.azleg.gov/ars/40/00360-06.htm>

During SRP's February 24, 2022, Power Committee meeting, SRP Management revealed the results of that bidding process: 56 unique projects with 129 configurations. See slide presented to the Power Committee below.

These results strongly underscore that a competitive, all-source RFP could and should have been conducted to inform SRP's resource decision-making last summer.

Bid Summary

- Resource Need – At least 1000 MW total
 - At least 400 MW by summer 2024
 - At least 600 MW by summer 2026
- 34 out of 53 interested parties proposed projects
- Projects include varying on-line dates, capacities and pricing (configurations)
- 56 unique projects with 129 configurations under review

Resource Type	Number of projects
Solar (includes Solar + Storage)	30
Stand-alone Storage (Grid-charged)	13
Wind (includes Wind + Storage)	6
Thermal	5
Geothermal	2

2/24/2022 Power Committee, K. Ban

Source: February 24th, 2022 Power Committee Materials²

II. SRP'S DECISION-MAKING PROCESS WAS RUSHED AND FAILED TO ANALYZE THE IMPACT TO CUSTOMER RATES & BILLS

SWEEP remains very concerned that the decision-making process around SRP's CEP was rushed and incomplete.

After all, the time between the public announcement of the project and the SRP Board's decision to authorize nearly **\$1 billion** to fund it took only about three weeks:

² <https://www.srpnet.com/about/boardagenda/AgendaPage.aspx?DocID=62940&Secondary=true>



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- On **Monday, August 23rd**, SRP publicly announced its plans to spend up to ~\$953 million to build 16 new gas aero-derivative gas turbines at the Coolidge site.³
- **One day later, on Tuesday, August 24th** the SRP Power Committee voted in support of the proposal. And,
- On **Monday, September 13th, roughly three weeks from the original announcement**, SRP's Board authorized ~\$1 billion in funding in an 8-to-6 vote.⁴

This decision-making process also did not include a customer rate and bill impact analysis.

At a time when far too many Arizonans are making painful economic decisions and falling behind on their electricity bills, it is essential that we conduct comprehensive, data-driven decision-making that can stand up to scrutiny, especially when the investment in question is as big as (820MW) and as expensive as (nearly \$1 billion) the one proposed for Coolidge.

I. CONCLUSION

In closing, for all of the reasons discussed above, we recommend that the Commission reject the recommendation to issue SRP's CEC for the Coolidge Generating Station. Instead, we propose that the Commission:

1. Direct SRP to conduct a competitive, all-source RFP process to determine the most affordable option to meet system needs.
2. Direct SRP to conduct an independent review of its load forecast and load forecasting methodologies, and
3. Direct SRP to work with stakeholders to identify and institute key reforms to improve future decision-making processes especially as it relates to major energy system investments.

Thank you for the consideration of our comments.

Ellen Zuckerman

Utility Program Director
SWEEP

Caryn Potter

Utility Program Manager
SWEEP

³ <https://www.srpnet.com/about/boardagenda/AgendaPage.aspx?DocID=62774&Secondary=true> at page 70. The whole project is anticipated to cost \$830 million (see page 68) but SRP Management is requesting \$953 million total (see page 70)

⁴ See page 160, <https://www.srpnet.com/about/boardagenda/AgendaPage.aspx?DocID=62797&Secondary=true>